

See

Sudbury Contact Mines Limited



**SEMI-ANNUAL REPORT
TO
SHAREHOLDERS**

**Six Month Period
Ended June 30, 1967**

**EXECUTIVE AND HEAD OFFICE
Suite 1101 - 365 Bay Street
Toronto, Ontario**

Sudbury Contact Mines Limited

To the Shareholders:

The comparative financial statement for the six months ended June 30, 1967, are attached.

Salvage operations designed to recover the modest tonnage of ore developed in the underground program at the Provincial Mining Property in the Cobalt Area are continuing. During the period ended June 30th, a total of 1,107 tons of ore from the Provincial Property were treated at the Agnico Mines' Penn Mill under a custom milling arrangement. As shown in the financial statement, this has provided a net revenue of \$41,775.

A drift is now being advanced to a favourable area above the 110 foot elevation which is above a former stope. Any ore developed from this operation will be stockpiled for later treatment at the Agnico Mill.

In connection with your company's nickel-copper prospect in Fairbanks Township, Sudbury District, Ontario, consisting of 17 patented claims and 18 unpatented claims, negotiations are presently under way with Falconbridge Nickel Mines Limited whereby the latter will obtain a long term working option on this property. The proposed working option agreement contains the usual provisions for the incorporation of a new company to acquire the claims in the event that the option is exercised. In such an eventuality, Sudbury Contact Mines Limited would be entitled to receive 187,500 shares of the new company in consideration of these claims.

Working capital at June 30, 1967, amounted to \$322,122 principally consisting of marketable securities including shares in Mentor Exploration and Development Co. Limited and in Eagle Gold Mines Limited.

On behalf of the Board of Directors,

"PAUL PENNA"
President

August 15, 1967

Sudbury Contact Mines Limited

STATEMENT OF INCOME

For the Six Months Ended June 30, 1967
(With Comparative Figures for the Six Months Ended June 30, 1966)

	1967	1966
Revenue		
Interest and dividends	\$ 141	\$ 3,641
Profit on sale of marketable securities	1,440	2,717
	<u>\$ 1,581</u>	<u>\$ 6,358</u>
Expenses		
Administration, office and accounting	\$ 3,300	\$ 3,300
Shareholders' information	1,622	1,836
Legal and audit	—	762
Transfer agents' fees	678	520
Directors' fees	100	350
Interest and bank charges	810	982
Depreciation, office furniture ...	76	76
Miscellaneous	189	494
	<u>\$ 6,775</u>	<u>\$ 8,320</u>
Net Loss for Period	<u><u>\$ 5,194</u></u>	<u><u>\$ 1,962</u></u>

Sudbury Contact Mines Limited

STATEMENT OF MINING CLAIMS AND PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

For the Six Months Ended June 30, 1967

(With Comparative Figures for the Six Months Ended
June 30, 1966)

	1967	1966
Cost of mining claims and properties at beginning and end of period	\$1,016,476	\$1,016,476
Deferred exploration expenditures at beginning of period	\$ 259,730	\$ 167,981
Expenditures During Period		
Provincial Mining Property, Cobalt:		
Wages	\$ 19,766	\$ 12,203
Light and power	1,997	2,552
Royalties	1,000	1,000
Insurance and workmen's compensation ..	827	793
Cartage	47	712
Employees' benefits ...	451	275
Drilling	—	19,551
Engineering and consulting fees	278	459
Depreciation, equipment	2,189	1,903
Supplies and tools	757	2,249
Fuel, oils and explosives	1,646	527
Equipment rentals	2,049	1,786
Assays	178	2,050
Other	84	365
	\$ 31,269	\$ 46,425
Less: Production of metals (net of milling and transportation expenses)	<u>41,775</u>	<u>—</u>
	\$ (10,506)	\$ 46,425
Other Properties		
Mining taxes	180	8
	\$ (10,326)	\$ 46,433
Deferred exploration expenditures at end of period ..	\$ 249,404	\$ 214,414
Mining claims and properties and deferred exploration expenditures at end of period	<u>\$1,265,880</u>	<u>\$1,230,890</u>

Sudbury Contact Mines Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Six Months Ended June 30, 1967

(With Comparative Figures for the Six Months Ended
June 30, 1966)

	1967	1966
Funds Made Available		
By Operations		
Net loss for period	\$(5,194)	\$(1,962)
Depreciation, which does not involve an outlay of funds	76	76
	<u>\$(5,118)</u>	<u>\$(1,886)</u>
Funds Applied		
Exploration expenditures . .	\$(10,326)	\$ 46,433
Less: Depreciation, which does not involve an outlay of funds . . .	2,189	1,902
	<u>\$(12,515)</u>	<u>\$ 44,531</u>
Purchase of equipment . . .	884	—
	<u>\$ 11,631</u>	<u>\$ 44,531</u>
Increase (Decrease) in Work- ing Capital	\$ 6,513	\$(46,417)
Working capital at beginning of period	315,609	401,904
Working capital at end of period	<u>\$ 322,122</u>	<u>\$ 355,487</u>
Current Assets	\$ 379,700	\$ 416,729
Current Liabilities	57,578	61,242
	<u>\$ 322,122</u>	<u>\$ 355,487</u>

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Sudbury Contact

MINES LIMITED

Annual report

FOR THE YEAR ENDED DECEMBER 31, 1967



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SUDBURY CONTACT MINES, LIMITED

(Incorporated under the laws of Ontario)

Executive and Head Office	Suite 1101, 365 Bay Street Toronto, Ontario
* Directors	ARCHIE BASEN SAMUEL GELLER WM. L. HOGARTH, JR. PAUL PENNA RUPERT F. RIGHTON
Officers	PAUL PENNA, <i>President</i> JEAN GELLER, <i>Secretary-Treasurer</i>
Consulting Engineer	WALTER F. BROWN, B.Sc., P.Eng.
Transfer Agent and Registrar	Guaranty Trust Company of Canada Toronto, Ontario
Auditors	Thorne, Gunn, Helliwell & Christenson Chartered Accountants Toronto, Ontario
Shares Listed	Toronto Stock Exchange
Annual Meeting	May 29, 1968, 11:15 in the forenoon (Toronto Time), Saskatchewan Room, Royal York Hotel, Toronto, Ontario

* AS AT JANUARY 31, 1968

SUDBURY CONTACT MINES, LIMITED

Directors' Report

To the Shareholders:

The Directors present the audited financial statements of the company for the year ended December 31, 1967, along with the following summary of activities, property interests and investments.

During 1967 your company continued development work and mining at the Provincial Mining Property in the Cobalt Area, Ontario. While this is essentially a salvage operation, a modest tonnage of ore was mined and shipped to Agnico Mines' Penn Mill for treatment under a custom milling arrangement. A total of 1,545 tons were treated in 1967 with a value after deducting milling and transportation costs amounting to \$64,023. Expenditures at the Provincial Property amounted to \$63,532.

The option agreement covering the 17 patented and 18 unpatented claims in Fairbanks Township, Sudbury District, Ontario, as outlined in the Semi-Annual Report to shareholders, August 15, 1967, was subsequently finalized. Under the agreement with Falconbridge Nickel Mines Limited, the latter company has the right to explore the claims for one year, and subject to fulfilling the obligations in the initial year, the rights to explore are continued for a further 10 consecutive one-year periods. The working option contains the usual provisions for the incorpora-

tion of a new company to acquire the claims in the event the option is exercised, in which case Sudbury Contact Mines, Limited would be entitled to receive 187,500 shares of the new company in consideration of these mining claims.

As at December 31, 1967, your company held 100,000 shares of Eagle Gold Mines Limited, reflecting the acquisition of an additional 28,250 shares since the date of the 1966 Annual Report, March 31, 1967. The 100,000 shares were acquired for a total cost of \$147,853.35 or an average price of approximately \$1.48 per share. Subsequent to the date of the attached Balance Sheet, the company sold 30,000 shares for a total of \$99,344.50, reducing its holdings in Eagle Gold Mines Limited to a current total of 70,000 shares.

This liquidation of the block of 30,000 shares reduced the cost of the remaining 70,000 shares to \$48,508.85 (before allowances for brokerage and interest charges) or the equivalent of just under 70¢ per share. This compares with a quoted market value as of April 19, 1968, of \$3.55 per share, or a total of \$248,500.00. The amount shown on the Balance Sheet as "Brokers' advances" has accordingly now been discharged.

Your company retains the 10% interest in the Dickson Yukon Prospecting Syndicate which, as reported in the 1966 Annual Report to share-

holders, sold a group of 127 claims in the Vangorda Area to Pelly River Mines Limited in furtherance of an agreement between the Dickson Yukon Prospecting Syndicate and Dynasty Explorations Limited. As a result of this transaction, your company, through its participation in the Syndicate, has a 10% interest in 400,000 shares of the total 750,000 escrowed treasury shares issued in consideration of these claims. The Syndicate also has the right to participate in further financing of Pelly River Mines Limited.

Other investments currently held by your company include 71,100 shares of Agnico Mines Limited, 277,310 shares of Mentor Exploration

and Development Co. Limited, and 900 shares of Leitch Gold Mines Limited. As at March 31, 1968, current assets also included cash and deposit receipts totalling approximately \$85,000.00. It is the intention of the company to pursue its policy of utilizing its financial and technical resources in mining exploration and investments.

On behalf of the Board of Directors,

"PAUL PENNA",
President.

April 22, 1968.

BALANCE SHEET — *December 31, 1967*

(with comparative figures at *December 31, 1966*)

ASSETS

CURRENT ASSETS

Cash
Marketable securities, at lower of cost and market (market value 1967, \$512,961; 1966, \$366,830)
Metal settlement receivable
Prepaid expenses

MINING CLAIMS AND PROPERTIES, at cost

DEFERRED EXPLORATION EXPENDITURES

FIXED ASSETS, at cost

Equipment
Office furniture

Less accumulated depreciation

OTHER ASSETS

Interest in prospecting syndicate, at cost
Unlisted and escrowed securities, at nominal value

LIABILITIES

CURRENT LIABILITIES

Bank advances, against which certain securities have been pledged
Brokers' advances, against which certain securities have been pledged
Accounts payable and accrued liabilities

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized — 6,000,000 shares, par value \$1 per share
Issued — 4,955,000 shares
Less discount

DEFICIT

SUDBURY CONTACT MINES, LIMITED

(Incorporated under the laws of Ontario)

AUDITORS' REPORT

To the Shareholders of
Sudbury Contact Mines, Limited:

We have examined the balance sheet of Sudbury Contact Mines, Limited as at December 31, 1967 and the statements of income, deficit, deferred exploration expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
February 21, 1968.

1967	1966
\$ 5,231	
310,474	\$ 331,504
16,618	
1,670	1,795
333,993	333,299
1,016,476	1,016,476
253,937	259,730

21,269	21,006
1,526	1,526
22,795	22,532
12,718	8,312
10,077	14,220

9,600	9,600
1	1
9,601	9,601
\$1,624,084	\$1,633,326

	\$ 8,747
\$ 50,142	
5,193	8,943
55,335	17,690

4,955,000	4,955,000
3,029,500	3,029,500
1,925,500	1,925,500
356,751	309,864
1,568,749	1,615,636
\$1,624,084	\$1,633,326

Approved on behalf of the Board,

PAUL PENNA, Director.

ARCHIE BASEN, Director.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF INCOME

Year ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
REVENUE		
Production of metals	\$ 70,976	
Less milling and transportation costs	6,953	
	64,023	
Interest and dividends	252	\$ 6,257
	64,275	6,257
EXPENSES		
Administration, office, and accounting	6,600	7,184
Shareholders' information	2,140	1,839
Legal and audit	2,210	1,931
Transfer agent fees	1,138	913
Directors' fees	100	500
Interest and bank charges	2,613	1,342
Depreciation, office furniture	152	153
Miscellaneous	835	717
	15,788	14,579
Deferred exploration expenditure written off	64,023	
	79,811	14,579
Profit (loss) on sale of marketable securities	(25,696)	11,400
	105,507	3,179
Net income (loss) for the year	\$ (41,232)	\$ 3,078

STATEMENT OF DEFICIT

Year ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Deficit at beginning of year	\$ 309,864	\$ 312,942
Exploration expenditures written off during year	5,655	
	315,519	
Net income (loss) for the year	(41,232)	3,078
Deficit at end of year	\$ 356,751	\$ 309,864

OTHER STATUTORY INFORMATION

Direct remuneration of directors and senior officers (as defined by The Corporations Act) amounted to \$100 for the current year.

Depreciation amounted to \$4,406 for the current year.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

Year ended December 31, 1967
(with comparative figures for 1966)

	1967	1966
Expenditures during year		
Provincial Mining Property, Cobalt		
Wages	\$ 39,189	\$ 30,288
Light and power	3,854	4,520
Royalties	2,000	2,000
Insurance and workmen's compensation	2,183	1,668
Cartage	86	1,326
Employee benefits	751	585
Drilling	781	21,599
Engineering and consulting fees	628	1,033
Depreciation, equipment	4,254	4,201
Supplies and tools	5,546	8,719
Fuel oils and explosives	2,570	2,574
Equipment rentals	1,366	4,050
Assays	320	2,627
Other	4	556
	<u>63,532</u>	<u>85,746</u>
Donrand Mines working option		
Drilling		5,055
Consulting		600
Other properties		
General	353	348
	<u>63,885</u>	<u>91,749</u>
Deferred exploration expenditures at beginning of year	259,730	167,981
	<u>323,615</u>	<u>259,730</u>
Expenditures on Donrand Mines working option written off	5,655	
Portion of deferred exploration expenditures applied against production income	64,023	
	<u>69,678</u>	
Deferred exploration expenditures at end of year	<u>\$ 253,937</u>	<u>\$ 259,730</u>

SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

Fairbanks Township	\$ 64,082	\$ 63,818
Cobalt Township	133,005	133,496
Montgomery Township	56,731	56,650
Thunder Bay	119	111
Donrand Mines working option		5,655
	<u>\$ 253,937</u>	<u>\$ 259,730</u>

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1967
(with comparative figures for 1966)

	<u>1967</u>	<u>1966</u>
SOURCE OF FUNDS		
Operations		
Net income (loss) for the year	\$ (41,232)	\$ 3,078
Add items which do not involve an outlay of funds		
Depreciation	152	153
Deferred exploration expenditures written off	64,023	
	<u>22,943</u>	<u>3,231</u>
APPLICATION OF FUNDS		
Exploration expenditures	63,885	91,749
Less depreciation which does not involve an outlay of funds	4,254	4,201
	<u>59,631</u>	<u>87,548</u>
Purchase of equipment	263	1,978
	<u>59,894</u>	<u>89,526</u>
Decrease in working capital	36,951	86,295
Working capital at beginning of year	315,609	401,904
Working capital at end of year	<u>\$ 278,658</u>	<u>\$ 315,609</u>

